

## AMERICAN OPINION

# Energy Shortages Return as Prime Policy Concern, But Public Is Conflicted About Solutions

*Most Think Bush Has Equation  
Half Right: Explore for More,  
But Don't Despoil Wilderness*

By BRYAN LEE  
Dow Jones Newswires

**A**S GEORGE W. BUSH begins his administration, Americans are more concerned about energy policy than they have been since Jimmy Carter was president.

Thrusting energy into a top-tier public concern are soaring pump prices for gasoline, a tripling of natural-gas rates from a year ago and spiraling electricity prices in the West from California's failed utility-deregulation program.

President Bush has made the overhaul of U.S. energy policy a major priority for his administration, ranking perhaps third in importance behind education and cutting taxes.

Indeed, while Mr. Bush has cited the lagging U.S. economy as a main reason for his proposed \$1.6 trillion tax cut, he also says it is needed to provide money for consumers to pay rising energy bills.

## Conditional Support

An overwhelming majority of Americans agree that the country faces an energy problem, a crisis even, according to the latest Wall Street Journal/NBC poll.

But they don't support a centerpiece proposal of Mr. Bush: opening environmentally sensitive lands, such as a protected wildlife refuge on the northern coastal plain of Alaska, to oil drilling.

Fully 86% of Americans agree with the president's assessment that the country faces an energy problem, and they rank energy prices as a more pressing concern than federal taxes and the budget, the poll found.

"On energy, the concerns cut right across all regions and all groups," said Robert Teeter, who conducted the survey with Peter Hart.

Rising energy prices topped the list of economic concerns cited by survey respondents. Thirty-five percent said energy prices are the most important economic problem facing the country, compared with 23% who cited federal taxes and the budget.

A third said the U.S. faces an energy crisis, while more than half see rising energy costs as a problem, rather than a crisis.

But the public stops short of endorsing all of Mr. Bush's proposed cure. Only 37% agreed that rising energy prices justify drilling in the Arctic refuge and other protected public lands.

A solid majority, 56%, said they would prefer to keep the refuge and other federally protected lands off limits to exploration, and that the administration and Congress should consider other solutions.

Helping push energy woes into the headlines and onto America's agenda is California's electricity crisis, the result of what federal and state officials agree was a flawed deregulation plan put into place four years ago.

California's electricity-deregulation program has devolved into a financial debacle for two of the state's three investor-owned utility companies, leaving California chronically short of electricity and plunging the Golden State at times into blackouts.

## Dependent Utilities

The plan capped retail rates for the state's utilities at 10% less than 1996 levels while leaving the utilities dependent on volatile spot markets for their wholesale power purchases.

Wholesale power prices began to soar in June and have remained high ever since, pushing Pacific Gas & Electric Co. and Southern California Edison Co. into financial default as they were forced to sell power at retail for a fraction of their wholesale costs.

Federal regulators and members of Congress have expressed increased concern in recent months that the electricity morass in California and the West would spark a public backlash and work against their efforts to promote further competitive changes in the U.S. electricity sector.

Yet the Wall Street Journal/NBC survey showed a general understanding that California's woes are the result of a flawed plan, rather than deregulation per se.

Less than a third of respondents said they thought electricity deregulation was a bad idea, while fewer than half said California's crisis was the result of the state's not framing its deregulation program properly. A large number, nearly a quarter, said they didn't know enough to answer the question.

Survey respondents were even-handed in apportioning responsibility for California's energy problems, with three in 10 blaming government regulators while a third faulted energy companies. Fourteen percent said environmentalists were responsible for the problem.

## Power Woes Spread

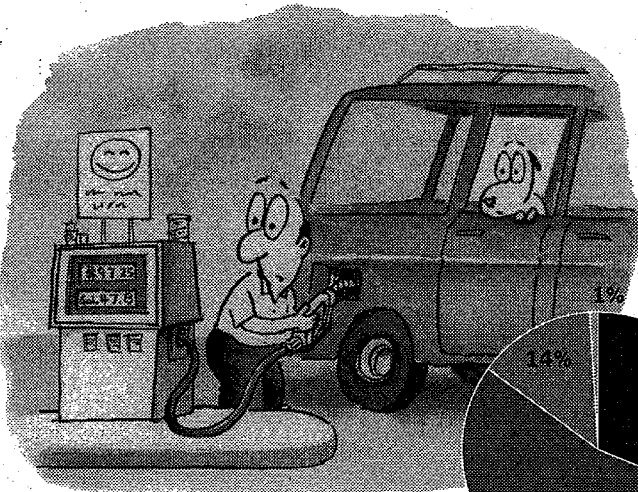
California's power woes have spread throughout the West, radically raising prices for consumers accustomed to some of the lowest electricity rates in the country and sparking demands for federal action to contain the region's runaway wholesale power prices.

To date, the Bush administration has taken a hands-off approach to California's problems, contending that the state is best equipped to respond to the crisis. Mr. Bush and administration officials have rebuffed demands from California officials and Western governors for federal price controls to tame the region's spiraling wholesale electricity costs.

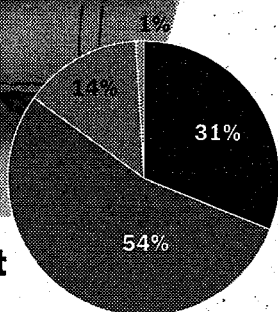
More than half the respondents in The Wall Street Journal/NBC News poll support federal intervention in California's energy crisis, while a third said the U.S. shouldn't get involved.

# Power Outage?

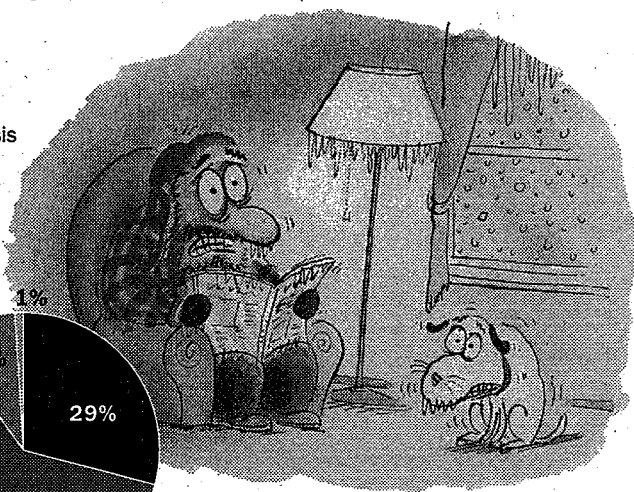
Rising oil prices and California's power shortage have grabbed Americans' attention.



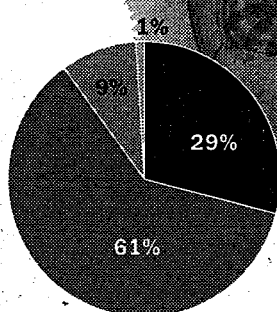
Midwest



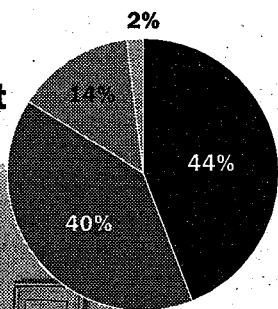
■ Energy Crisis  
■ Problem, Not Crisis  
■ Not a Problem  
■ Not Sure



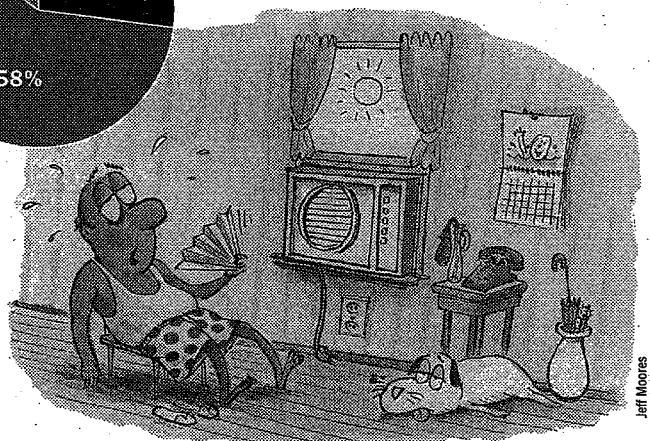
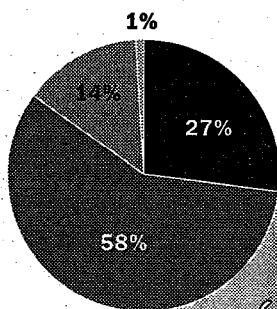
Northeast



West



South



Allan Rivlin, a pollster with Peter Hart, said one of the survey's more surprising and interesting results is its finding that energy prices represent Americans' top economic concern.

## Pocketbook Issue

While Americans have heard rumors of recession, seen falling stock prices and heard news reports of layoffs, "everybody is paying those higher energy prices," Mr. Rivlin said. "It's what really affects all consumers."

Mr. Rivlin also was struck by the survey's finding that one-third were willing to say the country is in an energy crisis. "That's pretty strong and pretty new," he said.

The poll results also reflect the regional differences in energy problems, Mr. Rivlin said.

## Energy Prices Top Concerns

In the West, where California's electricity problems have spread like a summer wildfire, 42% cited energy prices as their top concern, compared with 35% nationally. The same level of concern was expressed by respondents in the Midwest, where gasoline prices spiked last summer.

In comparison, in the Northeast and the South less than a third of the respondents were most worried about energy prices, but energy prices were still at the top of those regions' lists

of concerns.

Still, while the public agrees energy is a problem, "the public draws the line" at opening up for exploration the Arctic refuge and other environmentally sensitive regions, Mr. Rivlin observed. "The public knows there's a problem here [but] they really haven't figured out what the answers are. They're a little bit clearer on what they don't want, rather than what they do want," he said. Drilling in the pristine Alaskan reserve is rejected "pretty soundly," he said.

The opposition is most pronounced in the West, where drilling in the Arctic was opposed 61% to 33%, he said.